



**RBA:**  
**CITY OF AUSTIN**  
**RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO: 3**  
**AGENDA DATE: 12/11/2008**  
**PAGE: 1 OF 2**

**SUBJECT:** Authorize the negotiation and execution of a loan to AUSTIN NEIGHBORHOOD ALLIANCE FOR HABITAT, INC., an affiliate of AUSTIN HABITAT FOR HUMANITY, INC., to increase the funding authorized by Motion No. 20070405-AHFC002 by \$45,130 for a total amount not to exceed \$959,600 under the Acquisition and Development Program, for infrastructure development at the Devonshire Village Subdivision and the construction and sale of 43 single-family homes for low- to moderate-income buyers.

**AMOUNT & SOURCE OF FUNDING:** Funding is available in the Fiscal Year 2008-2009 budget using a combination of available HOME Program Income funds and HOME CHDO funds.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required

**REQUESTING**  
**DEPARTMENT:** Austin Housing Finance Corporation

**DIRECTOR'S**  
**AUTHORIZATION:** \_\_\_\_\_

**FOR MORE INFORMATION CONTACT:** Margaret Shaw, Treasurer, Austin Housing Finance Corporation, 974-3184

**PRIOR BOARD ACTION:** On April 5, 2007, the Austin Housing Finance Corporation Board authorized the negotiation and execution of a forgivable loan to Austin Neighborhood Alliance for Habitat, an affiliate of Austin Habitat for Humanity, in an amount not to exceed \$914,470 for infrastructure development at the Devonshire Village Subdivision and the construction and sale of 43 single-family homes for low- to moderate-income buyers.

**PRIOR COUNCIL ACTION:**

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The Austin Housing Finance Corporation (AHFC) Board of Directors is requested to authorize an increase in the loan amount by \$45,130 to cover additional costs incurred by Austin Neighborhood Alliance for Habitat ("Habitat") in the development of the Devonshire Village Subdivision.

The loan proceeds will be used for infrastructure development for the planned 43-lot Devonshire Village Subdivision. The lots will be developed for affordably priced, single-family homes for low- and moderate-income homebuyers. Each buyer's total household income will not exceed 80 percent of Austin's Median Family Income (MFI - currently \$56,900 for a family of four). The houses will be S.M.A.R.T. Housing™ compliant as well as visitable and adaptable for persons with mobility, sight or hearing disabilities.

Habitat has been building affordable homes in Austin since 1985. Habitat is a non-profit 501(c) (3) that develops affordable housing and provides homeownership opportunities for families successfully completing its program. To construct its homes, Habitat utilizes volunteer labor, paid contractors, community sponsorships and a significant volunteer commitment by the prospective homebuyer. Habitat also provides a zero-interest rate mortgage to the homebuyers for a term of up to 30 years.

The Neighborhood Alliance, an affiliate organization of Habitat, is certified as a Community Housing Development Organization (CHDO) by the City of Austin, a designation which makes it eligible to receive HOME funds reserved only for CHDOs.

The sources and uses of the funding are:

<u>Sources:</u>		<u>Uses:</u>	
Community Sponsored Houses	\$2,580,000	Acquisition	\$ 230,000
<b>AHFC Funds</b>	<b>959,600</b>	<b>Infrastructure</b>	<b>959,600</b>
Loans	320,000	Soft Costs	1,470,000
Community Funds	556,104	Hard Costs	1,986,104
Owner Equity	<u>230,000</u>		
<b>Total</b>	<b>\$4,645,704</b>	<b>Total</b>	<b>\$4,645,704</b>

The performance measures associated with the project are as follows:

1. Complete installation of infrastructure and obtain City of Austin acceptance of utilities, streets, and other improvements for the Devonshire Village Subdivision.
2. Complete build-out of the subdivision that will result in 43 new single-family homes affordable to buyers earning no more than 80 percent of the Austin area MFI.

Part of the requested funding is available in Fiscal Year 2008-2009 budget allocation of the Austin Housing Finance Corporation. The request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market-rate financing for the development of affordable housing for low- and moderate-income households.